

## **Costs, Payments, and Value Under the Medicare Hospice Benefit**

**ISSUE:** Medicare's hospice benefit has grown considerably since its inception in 1983, most significantly in the last several years. Medicare spending under the hospice benefit exceeded \$10 billion in fiscal year (FY) 2007, nearly doubling in five years from \$5.6 billion in FY 2003. Spending is driven by increased numbers of beneficiaries using the hospice benefit, and more spending per beneficiary. MedPAC staff presented preliminary information on the hospice cap at the October and November 2007 public Commission meetings.

**KEY POINTS:** This paper presents results of our analysis of 1) the cost of hospice care relative to conventional curative treatment at the end of life, 2) the incentives intrinsic to Medicare's payment system for hospice, and 3) hospice costs and Medicare payments.

**ACTION:** The goal of these presentations is to provide Commissioners with a comprehensive overview and critical evaluation of current major issues related to Medicare's hospice benefit.

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